Approved by the Board of Trustees

September 23, 2021

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 Board Meeting

 September 23, 2021

ROLL CALL

## APPROVE OPERATING BUDGET FOR FISCAL YEAR 2022

**Action:** Approve Operating Budget for Fiscal Year 2022

**Funding:** All Sources of Funds

 In accordance with policies established by the Board of Trustees and consistent with prudent financial management, the Interim Executive Vice President/Vice President for Academic Affairs and the Interim Chief Financial Officer seek approval of the University’s operating budget for Fiscal Year 2022 (FY2022). The budget is based upon recommendations from Chancellors and Provosts following consultations with academic and administrative leaders across the system. This recommendation follows the Board’s adoption of a preliminary FY2022 operating budget at its May 2021 meeting.

 The FY2022 budget reflects the University’s continued commitment to invest in academic excellence and maintain affordability for students despite the financial challenges caused by the COVID-19 pandemic. The budget ensures resources for academic priorities, including selective but appropriate programmatic enhancements. It includes resources to maintain the health and safety of students, faculty, and staff during the COVID-19 pandemic. The recommended $7.18 billion budget provides for the value of benefit payments made by the state on behalf of the University. The FY2022 budget represents a $446.7 million, or 6.6 percent increase compared to FY2021 including payments on behalf and a $436.2 million or 8.2 percent increase without payments on behalf. The projected rise in tuition and fees and revenues from housing, dining, and other student services as the universities return to in-person operations are the major components of the increase. Projected growth in sponsored research programs is another significant contributor.

 The total operating budget comprises four major categories of funds:

1. General operating funds supporting the academic enterprise of the University;
2. Hospital funds related to the hospital and clinics that are part of the University of Illinois Hospital and Health Sciences System;
3. Restricted funds encompassing operations of auxiliary units (such as housing, dining, and related services), sponsored research and federal appropriations, operations supported by gift and endowment income, and the medical service plan. The use of these funds is specified by contracts, granting agencies, donors, or legislative guidelines; and
4. Payments on behalf representing health and retirement benefits paid by the state on behalf of the University.

As shown below, the total budget is apportioned among the three universities, the system offices, and system-wide programs.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Chicago | Springfield | Urbana | System Offices & System-WidePrograms | Total | Change from FY2021 |
| General Operating Funds | $939,772 | $50,907 | $1,313,655 | $194,711 | $2,499,045 | 5.7% |
| Hospital Funds | $893,402 |  |  |  | $893,402 | 3.7% |
| Restricted Funds | $1,035,462 | $39,590 | $1,207,429 | $92,283 | $2,374,764 | 12.8% |
| Payments on Behalf | $766,469 | $31,790 | $568,497 | $49,714 | $1,416,470 | 0.7% |
| Total | $3,635,105 | $122,287 | $3,089,581 | $336,708 | $7,183,681 | 6.6% |
| Changefrom FY2021 | 5.2% | -1.5% | 6.6% | 29.6% | 6.6% |  |

 The attachment to this item, the Budget Summary for Operations FY2022 (BSO), summarizes the system-wide budget, budgets for each University, and detailed college-level budget schedules. The BSO is organized into four schedules:

Schedule A: Details university and system-level revenue by source and budgeted expenditures by function and type.

Schedule B: Provides budgeted expenditures and revenue sources by college-level organization.

Schedule C: Lists budgeted expenditures by college-level organization and function.

Schedule D: Provides department-level detail of state and institutional fund budgeted expenditures.

Schedule A, Schedule B, and Schedule C are University and system-level schedules (one for each University and the system), whereas Schedule D contains college- level schedules.

 Subject to the foregoing and the Board’s directives concerning establishment of University of Illinois budgets, authorization is also requested for the President to: (a) accept resignations; (b) make additional appointments that are necessary and approve the issuance of notices of non-reappointment, subject to all university policies, and policies and rules for Civil Service staff; (c) transfer, if necessary, funding from one object of expenditure to another, as long as total transfer does not exceed three percent of the total general fund budget; (d) make programmatic adjustments to the general fund budget in accordance with institutional priorities and needs, not exceeding three percent of the total general fund budget, exclusive of routine accounting transactions; (e) require changes to departmental allocations necessitated by any rescissions in state appropriation or shortfall in revenues; (f) allocate tuition waivers; (g) accept revenues earned in excess of the approved budget and the corresponding expenditures; and (h) pursuant to the State Finance Act, transfer funds from the general operating budget to the restricted fund budget, if necessary.

 The Board action recommended in this item complies in all material respects with applicable State and federal laws, legislative audit guidelines, terms and conditions for the use of funds, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

 The President of the University endorses the budget and recommends approval.